

## HB 2140: Putting more money to work in local communities

### Local government investment in state investment pools

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Local governments are currently allowed to invest in the state's Oregon Short-Term Fund. The return on investment is small: 0.60% as of December, 2012. They could receive better returns for longer-term monies if they were allowed to invest in the Oregon Intermediate Term Pool (OITP) - the rolling one year return as of October 2012 was 5.66%.

This bill would permit a city, county, school district, special district, or community college to invest in the Intermediate Term Pool. The aim is to allow local governments the opportunity to earn higher returns on investment.

State agencies and public universities already have access to this investment pool. This bill is permissive; it just lets those local entities decide whether they, too, would like to invest there. (The Treasury Department would approve applications, and the local government would pay the administrative and transaction costs.)

Two counties have already expressed interest in taking advantage of this investment pool: Lake and Klamath. Using a modest estimate on a better rate of return, one county estimates they might earn an extra \$350,000 a year, and the other, an additional \$1.4 million. That amount of money is significant; it's money that would be available to spend locally; it means local jobs.

A quick response from three community colleges, Portland, Lane, and Umpqua, shows that in a single year together they could earn between \$1.8 and \$2.6 million more.

This bill sets the framework to get more dollars to work in local communities.

This bill, out of the work of the State and Local Government Efficiency Task Force, comes from Joint Ways and Means with a unanimous recommendation "Do Pass." I ask for your Aye vote.